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Cover letter



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
RAYMOND L. FLYNN

December 3, 1990

To All Department Heads:

A month ago, the City of Boston released the Howell Report, a wide-ranging study of the regional economy and its prospects for recovery. In his report, James Howell identified our urban areas as the principal generators of economic growth provided legislation was enacted to allow our cities room to innovate.

As a first step in implementing the proposals contained in the Howell Report, I am introducing a comprehensive package of legislation called the Competitive Cities Act. The legislation, a copy of which is enclosed, is similar to and complements Federal legislation I will promote to provide incentives that encourage new investment and job producing enterprises in other urban areas.

The Howell Report has been instrumental in helping to chart our course towards economic recovery. I am confident that our two-pronged effort to encourage the rebirth of urban economies at both the State and Federal levels will help move us more quickly towards a brighter economic future.

M3 B16
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Sincerely,

Ray Flynn
Raymond L. Flynn
Mayor of Boston

- Amendments to MGL Chapters 121A and 121B to permit Boston to facilitate the carrying out of community development projects;
- Creation of local Centers for Vocational and Applied Technology Education, with locally appointed boards of trustees, to allow for the complete overhaul of vocational education systems in order to better meet the needs of students striving to develop skills pertinent to new technology-based industries;
- Redevelopment of the former Boston State Hospital site as a mixed-use development project;
- Authorization for the Commonwealth to enter into lease arrangements at the Ruggles Center Project on Parcel 18;
- Adoption of the Hamill Commission's recommendation regarding local debt service exemption for public infrastructure and capital projects from the local limit;
- Provision of tax incentives for research and development activities and investment;
- Establishment of a Special Commission on Economic Competitiveness to study the state's regulatory processes, investment tax policy, economic and physical infrastructure needs, potential for long-term public-private partnerships, and skilled labor supply and growth potential; and
- Establishment of a Special Commission to develop a demonstration program for job placement, basic education, and skill development for persons receiving Aid to Families with Dependent Children (AFDC).

These carefully conceived and targeted initiatives offer Boston and the Commonwealth significant promise of economic growth. Achieving this growth will be essential to our maintaining a strong competitive position in the increasingly global economy. It is also essential to ensuring that all citizens of Boston and the Commonwealth, and especially those who are poor or suffer economic disadvantage, are provided with high-quality job opportunities in the future.

I urge you to strongly support the legislative proposals which together form the "COMPETITIVE CITIES ACT OF 1991." I look forward to working with you to transform these proposals into policies and programs which will stimulate economic growth, generate meaningful economic opportunities and jobs, provide for vocational educational reform, and yield tremendous benefits to Boston and the Commonwealth of Massachusetts.

Sincerely,

Raymond L. Flynn
Mayor of Boston

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COMPETITIVE CITIES ACT OF 1991

(proposed)

AN ACT TO PROMOTE THE ECONOMIC COMPETITIVENESS OF KEY CITIES AND THE COMMONWEALTH THROUGH A SERIES OF DEMONSTRATION PROGRAMS

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

FINDINGS AND DECLARATION OF PURPOSE

Section 1. The General Court finds:

- (a) that economic conditions within the Commonwealth are deteriorating, as evidenced by statewide unemployment doubling to 6.2 percent in September 1990 from 3.0 percent in September 1988 and the loss of 88,000 jobs in the year preceding August 1990. In construction, 25,000 fewer workers were employed than in August 1989, and manufacturing employment fell by 35,000 during the same period. Housing starts, statewide, fell from a peak of 45,200 in 1986 to 21,200 in 1989. The City of Boston, with approximately 10 percent of the Commonwealth's population accounts for 25 percent of the Commonwealth's economic activity, and that of the estimated 564,000 jobs that will be created in Massachusetts during the 1990s, nearly 75 percent will be in the Boston metropolitan area;
- (b) that due to these resources, Boston has the potential to lead the state's economic recovery, by virtue of the concentration of newly emerging technology-oriented industries;
- (c) that using Boston and ten other cities as laboratories for the Commonwealth would allow an assessment of the success of regulatory and incentive programs to encourage the growth of these industries, would benefit the Commonwealth as a whole, and would allow the General Court to determine the appropriateness of these policies on a state-wide basis;

(d) that current economic conditions and trends in Boston, the Boston metropolitan area, and the Commonwealth were examined in a report to the City of Boston prepared by economist Dr. James Howell, entitled The Howell Report— The Boston and Regional Economy Into the 1990s: The Prospects for Economic Recovery. The Howell Report found that Boston and the Commonwealth have the potential for strong economic recovery if the public and private sectors unite to devise and implement an economic recovery plan;

(e) that the Howell Report and other economic studies have identified the research facilities, technology-oriented companies, venture capital, and highly-skilled workers concentrated in and around Boston and other key cities as the foundation for the region's economic recovery; and that the industries emerging from Boston's knowledge and technology base will be a prominent feature of the Commonwealth's economic growth in the 1990s; and

(f) that these newly-emerging and technology-oriented industries— including biomedical research and health care, computer software and services, advanced technology and biotechnology manufacturing, and knowledge-based producer services— have special regulatory, financial, infrastructural and labor skills needs that may not be met by current government policies and programs.

Section 2. (a) It is therefore the purpose of this Competitive Cities Act to revise, strengthen and supplement current policies and programs, especially as related to the growth of knowledge- and technology-oriented industries including those named above. It is also the purpose of this Act to encourage cooperative efforts of the private and public sectors in developing new means to improve the competitiveness of the Boston and Commonwealth economies.

(b) It is the intention of the General Court that the policies and programs of state and local government and the areas of cooperative action between the public and private sectors shall be focused on the following objectives:

- (i) Improving the economic competitiveness of businesses and industries;
- (ii) Reducing unemployment, increasing productivity, and improving living standards;
- (iii) Promoting full and equal access to economic opportunity for all persons in the community, including individuals and groups who for reasons of race, nationality, religion, gender, age, or handicaps have been excluded from full participation in the economy;
- (iv) Improving the quality and availability of education and vocational and technical

training targeted for the specific needs of workers in businesses and industries;
(v) Providing key cities with "room to innovate" by providing improved and new policy tools such as revised urban redevelopment programs and tax-increment financing.

TITLE I- ESTABLISHING DEMONSTRATION SITES FOR THE COMPETITIVE CITIES PROGRAM

SECTION 101. It is the intention of the General Court that this Act be implemented initially on a demonstration basis. Accordingly, the provisions of this Act shall be applicable only within the City of Boston and ten (10) other cities and towns with populations over 50,000 persons, to be designated by the Secretary of Economic Affairs. The Secretary shall make this designation within ninety (90) days after the effective date of this Act. Such designation shall be made on the basis of the demonstrated record of each city or town in establishing innovative economic policies and programs to enhance the economic competitiveness of businesses, industries, and institutions, to assure full and equal access to economic opportunity for all persons in the community, and to develop effective working relationships with private industry, labor, educational systems, and community organizations. The Secretary shall consider such criteria as public-private partnerships, efforts at business creation and retention, affordable housing production, provision of vocational education, and effective land use, housing, environmental, and infrastructure planning in making designations under this Act.

SECTION 102. This Act shall be effective upon its passage and shall expire on December 31, 1995.

SECTION 103. Not later than December 31, 1994, the Secretary of Economic Affairs shall report to the General Court on the effectiveness of the measures contained in this Act in achieving the objectives set forth in the Findings and Declaration of Purpose of this Act and shall make recommendations with respect to the extension or modification of this Act and the expansion of its application to the entire Commonwealth.

TITLE II: FACILITATING COMMUNITY DEVELOPMENT PROJECTS

SECTION 201. Section 7A of Chapter 121A of the General Laws, as appearing in the 1988 Official Edition, is hereby amended by inserting after the words "urban renewal", in line 7, the words: "or community development project".

SECTION 202. Section 9 of Chapter 121A of the General Laws, as amended, is hereby amended by striking out in line 6, 7 and 8 the words "at the rate of eight percent per annum" and inserting in its place the words "at the rate to be determined by the approving entities, at the time of project approval".

SECTION 203. Section 10 of 121A, as so appearing, is hereby further amended by striking the words "to the commonwealth" in line 38, and replacing it with the words: "directly to the city or town within which such real and tangible personal property is located".

SECTION 204. Section 10 of said Chapter 121A, as so appearing, is hereby amended by striking the passage following the words "equal to", the first time they appear in line 40 through the end of the paragraph, and inserting in place the following passage:— (1) the amount which the city or town would receive for taxes on such real estate and tangible personal property were assessed and taxed annually under Section 21C of Chapter 59 in the same manner as other properties with the same use classification.

SECTION 205. Section 18 of said Chapter 121B, as so appearing, is hereby amended by inserting after the words "community renewal", in line 8, the words: "program, plans for community development".

SECTION 206. Section 20 of said Chapter 121B, as so appearing, is hereby amended by inserting after the word "organized", in line 2, the words: "or in which a community development project is to be undertaken" — and by inserting after the word "agency", in line 3, the words: "or any agency designated to undertake such project" -and by inserting after the word "agency", in line 4, the words: "or undertaking" — and by inserting after the word "renewal", the first time it appears in line 7, the words: "community development" — and by striking out clause (3), in line 17, and inserting in place thereof the following clause: — "(3) the making of associated relocation payments by such city, town or agency; and".

SECTION 207. Section 21 of said Chapter 121B, as so appearing, is hereby amended by inserting after the words "section twenty", in line 6 the words: "for the purposes other than a community development project".

TITLE III: ADOPTING THE HAMILL COMMISSION REPORT RECOMMENDATION TO EXEMPT CERTAIN PUBLIC INFRASTRUCTURE AND CAPITAL PROJECTS FROM THE LEVY LIMIT OF PROPERTY TAXES

Section 301. Chapter 59, section 21C of the General Laws, as appearing in the 1988 Official Edition, is hereby amended by adding after Clause K, a new clause (k 1/2) as follows:-

Notwithstanding Section 21C(k) to the contrary, a city or town may, by a separate two-thirds vote at annual town meeting or by a separate two-thirds vote of a town council, or by a separate 2/3 vote of a city council, subject to the approval of the mayor, approve the assessment of taxes in excess of the amount allowed pursuant to this section for the payment of principal and interest on bonds, notes or certificates of indebtedness, for which borrowing is issued for a period of ten years or longer under Massachusetts General Laws Chapter 44, Section 7 and 8 or other statute authorizing borrowing by the city or town and for the city's or town's apportioned share of the principal and interest on such bonds or notes issued by a regional governmental unit, which were not outstanding as of January one, nineteen hundred and ninety.

SECTION 302. Chapter 59, Section 21C of the General Laws, as appearing in the 1988 Official Edition, is hereby amended by striking in clause (1) in line 198 "or (k)" and by adding in clause (1) in line 197 after "(j)" the following language: ", (k) or (k 1/2)".

TITLE IV: AUTHORIZING THE CREATION OF ECONOMIC OPPORTUNITY ZONES

SECTION 401. Definitions. As used in Section 302 to 309 of this Act unless the context otherwise requires:

- (a) "Authority" means the Secretary of the Executive Office of Community Development;
- (b) "Economic Opportunity Zone" means an area of the Commonwealth declared by the Authority to be eligible for the benefits of this Act;
- (c) "Governing Authority" means the public entity designated by a city or town to manage an Economic Opportunity Zone;
- (d) "Qualified Business" means any person, corporation or other entity newly located

in or substantially expanding within an Economic Opportunity Zone, with individuals from one (1) or more of the following three (3) categories constituting at least twenty-five percent (25%) of the business' employees within the Economic Opportunity Zone:

- (i) Residents of the city or town within which the Economic Opportunity Zone is located;
- (ii) Individuals who have been unemployed for at least the entire year prior to obtaining employment with the business;
- (iii) Individuals who have received public assistance benefits, based on need and intended to alleviate poverty, for at least the entire year prior to obtaining employment with the business.

(e) "Qualified Property" means:

- (i) Any tangible personal property located in an Economic Opportunity Zone used predominately by the taxpayer in the Zone in the active conduct of a trade or business; and
- (ii) Any real property located in such Zone which was used predominantly by the taxpayer in the active conduct of a trade or business; and
- (iii) Any interest in a corporation, partnership, or other entity if, for the most recent taxable year of such entity ending before the date of the sale or exchange, such entity was a qualified business.

(f) "Qualified employee" means any employee who works for a qualified business.

SECTION 402. (a) Any city, or town which accepts the provisions of this subsection shall be authorized to designate any area or areas within that city or town to be an economically depressed area. This designation shall only take effect in a city or town accepting that designation by a majority vote of the city council with the approval of the mayor, in the case of a city with a Plan A, Plan B, or Plan F charter; by a majority vote of the city council, in the case of a city with a Plan C, Plan D, or Plan E charter, by a majority vote of the annual town meeting or a special meeting called for the purpose, in the case of a municipality with a town meeting form of government; or by a majority vote of the town council, in the case of a municipality with a town council form of government. Such city, or town may then make written application to the Authority to have such area or areas declared to be an Economic Opportunity Zone. Such application shall include a description of the location of the area or

areas in question and such other information as the Authority may require.

(b) Upon receipt of an application from any city, or town the Authority shall review the application to determine whether the area or areas described in the application qualify to be designated an Economic Opportunity Zone.

(c) The Authority shall complete its review within one hundred twenty (120) days of receipt of the application, but may extend this time period an additional sixty (60) days if necessary. If the Authority denies the application, it shall inform the city or town of the fact along with the reasons for the denial.

SECTION 403. (a) Any area or areas of a city, or town may be designated an Economic Opportunity Zone which:

- (i) Has a continuous boundary, and
- (ii) Is an area of pervasive poverty, unemployment or economic distress.

(b) An area meets the requirements of subsection (1)(b) of this section if:

- (i) The average rate of unemployment in such area for the most recent twelve (12) month period for which data are available was higher than the average national rate of unemployment for such twelve (12) month period; and
- (ii) At least fifty percent (50%) of the residents living in the area have incomes below eighty percent (80%) of the median income of the residents of the city or town as determined by the Authority, or
- (iii) The population of all census tracts in the area decreased by ten percent (10%) or more between 1970 and 1980 or the city, or town requesting designation establishes to the satisfaction of the Authority that either:

- (1) Chronic abandonment or demolition of commercial residential structures exists in the area, or
- (2) Substantial tax arrearage of commercial or residential structures exist in the area.

SECTION 404. (a) The Authority shall designate in the calendar year of the effective date of this Act up to four demonstration projects as Economic Opportunity Zones, one of which shall be the Boston State Hospital site.

(b) The Authority may designate up to ten Economic Opportunity Zones each year, beginning in the year following the effective date of this Act. In deciding which areas should be designated as Economic Opportunity Zones the Authority shall give preference to:

- (i) Areas with the highest levels of poverty, unemployment, and general distress;
- (ii) Areas which have the widest support from the city or town seeking designation, the community, residents, local business and private organizations; and
- (iii) Areas for which the city or town seeking designation has made or will make the greatest effort to encourage economic activity.

(c) Any designation of an area as an Economic Opportunity Zone shall remain in effect during the period beginning on the date of designation and ending on December 31 of the 20th year following designation.

(d) The Authority may remove the designation of any area as an Economic Opportunity Zone if such area no longer meets the criteria for designation as set out in this Act or by regulation adopted by the Authority pursuant to this Act, provided that no designation shall be removed less than ten (10) years from the date of original designation.

SECTION 405. The Authority shall administer this Act and shall have the following powers and duties:

- (a) To establish criteria for determining which areas qualify as Economic Opportunity Zones;
- (b) To monitor the implementation of this Act and submit reports evaluating the effectiveness of the program and any suggestions for legislation to the Governor and General Court by October 1 of any year preceding a regular session of the General Court;
- (c) To conduct a continuing evaluation program of Economic Opportunity Zones;
- (d) To promulgate all necessary rules and regulations in accordance with the provisions of the State Revenue Code (G.L.C. 62 and 62B) to carry out the purposes of this Act;
- (e) To assist areas designated as Economic Opportunity Zones in obtaining federal status as an Enterprise Zone;
- (f) To assist any qualified employer in obtaining the benefits of any incentive or inducement program provided by law and to certify qualified employers to be eligible for the benefits of this Act;
- (g) To assist the Governing Authority of an Economic Opportunity Zone in obtaining assistance from any other agency of the Commonwealth, including, but not limited to, assistance in providing training and technical assistance to qualified business within a

Zone.

SECTION 406. (a) The Authority shall establish and design for public display a master business license which shall certify that the qualifying business has obtained all necessary Commonwealth permits, licenses, certificates, approvals, registrations, charters or any other form of permission required by law, including agency rule, to engage in business in a Zone.

(b) The Authority shall provide information and appropriate assistance to persons desiring to locate and engage in business in a Zone regarding the Commonwealth licenses, permits, certificates, approvals, registrations, charters, and any other forms of permission required by law to engage in business in the Commonwealth.

(c) Irrespective of any authority delegated to the Authority to implement the provisions of this Act, the authority for determining if any requested licenses, permits, certificates, approvals, registrations, charters, or any other form of permission required by law to be issued shall remain with the agency otherwise legally authorized to issue the license.

SECTION 407. Any Qualified Business shall be allowed a credit as hereinafter provided against the excise due under Chapter 63 or against income taxes due under Chapter 62, as the case may be. The amount of the credit shall be determined by multiplying one thousand dollars by the increase in the number of full time employees employed by the Qualified Business during the taxable year, computed in accordance with the definitions set forth in Section 31C of said Chapter 63, which definitions shall be interpreted so as to apply both to corporations and other forms of business organization. The amount of any such credit shall be reduced by the amount of any credit available to said Qualified Business pursuant to said Section 31C of Chapter 63.

SECTION 408. All Commonwealth licensing fees shall be reduced by 50 percent for each Qualified Business' first five years of operation in the Economic Opportunity Zone.

SECTION 409. The Authority shall establish, through the Massachusetts Technology Development Corporation, a set-aside equal to \$10 million in constant 1991 dollars annually to be used in below market financing for qualified technology firms, as that term is defined in M.G.L. chapter 40G, located in Economic Opportunity Zones.

TITLE V: ESTABLISHING TAX INCENTIVES FOR RESEARCH AND DEVELOPMENT ACTIVITIES AND INVESTMENTS

SECTION 501. Chapter 63 of the General Laws as appearing in the 1988 Official Edition is hereby amended by inserting after section 38K the following:-

SECTION 38L. There shall be allowed as a credit against taxes imposed in this Chapter an amount determined in accordance with Section 41 of the Internal Revenue Code, except as follows:

(A) The applicable percentage shall be 8 percent of the excess of the qualified research expenses for the income year over the base period research expenses and 12 percent of the basic research payments.

(B) "Qualified research" and "basic research" shall include only research conducted in Massachusetts.

(C) The provisions of Section 41 (e)(7)(A) of the Internal Revenue Code, shall be modified so that "basic research," for the purpose of this section, includes any basic or applied research including scientific inquiry of original investigation for the advancement of scientific or engineering products, except that the term does not include any of the following:

(1) Basic research conducted outside Massachusetts.

(2) Basic research in the social sciences, arts or humanities.

(3) Basic research for the purpose of improving a commercial product if the improvements relate to style, taste, cosmetic, or seasonal design factors.

(4) Any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral (including oil and gas).

(D) Any corporation entitled to a credit for any taxable year in accordance with the provisions of the Act, may carry over and apply to its excise for any one or more of the next succeeding three taxable years, the portion, as reduced from year to year, of its credit which exceeds its excise for the taxable year.

(E)(1) This section shall apply only to expenditures incurred on or after January 1, 1991, and paid or incurred on or before January 1, 1995.

(2) In the case of any taxable year which begins on or before January 1, 1991, and ends on or after December 31, 1990, any amount for any base period with respect to that taxable year shall be the amount which bears the same ratio to that amount for that base period as the number of days in that taxable year before January 1, 1991,

bears to the total number of days in that taxable year.

(3) In the case of any taxable year which begins on or before January 1, 1995, and ends on or after December 31, 1994, any amount for any base period with respect to that taxable year shall be the amount which bears the same ratio to that amount for that base period as the number of days in that taxable year before January 1, 1995, bears to the total number of days in that taxable year.

SECTION 502. Chapter 63 of the General Laws as appearing in the 1988 Official Edition is hereby amended by inserting after section 31G the following new section:-

SECTION 31H. A manufacturing corporation, or a business corporation engaged primarily in research and development, which has been deemed to be such under section thirty-eight C or forty-two B, or a corporation primarily engaged in agriculture or commercial fishing shall be allowed a credit hereinafter provided against its excise due under this chapter. The amount of such credit shall be five percent of the cost of other basis for federal income tax purposes of qualifying property after deduction therefrom of any federally authorized tax credit taken with respect to such property. Such property shall include tangible personal property and other tangible property including buildings and structural components of buildings, which are: depreciable pursuant to section one hundred sixty-seven of the Internal Revenue Code; have a recovery period of three years or more; are acquired by purchase as defined in section one hundred seventy-nine (d) of the Internal Revenue Code; have a situs in this state and are research and development property.

Research and development property shall mean property which is used for purposes of research and development in the experimental or laboratory sense. Such purposes shall not be deemed to include the ordinary testing or inspection of materials or products for quality control, efficiency surveys, management studies, consumer surveys, advertising, promotions, or research in connection with literary, historical or similar projects.

A taxpayer shall not be allowed a credit under this section with respect to tangible personal property and other tangible property, including buildings and structural components of buildings which it leases to any other person or corporation. For purposes of the preceding sentence, any contract or agreement to lease or rent or for license to use such property shall be considered a lease.

Except as otherwise provided in this section, the credit allowed under this section for any taxable year shall not reduce the excise to less than the amount due under section thirty-two (b), thirty-nine (b) or sixty-seven and under any act in addition thereto. However, if the amount of credit allowable under this section of any taxable year reduces the excise to such amount, any amount of credit allowed for a taxable year ending on or after December thirty-first, nineteen hundred ninety one and not deductible in such year may be carried over and applied to its excise for any one or more of the next succeeding three taxable years, the portion, as reduced from year to year, of its credit which exceeds its excise for the taxable year.

A corporation may elect to claim the investment credit allowable under section thirty-one A or the credit under this section, but not both. Any such election must be made on or before the due date of filing the return, including any extension of time and shall be irrevocable.

With respect to property which is disposed of or ceases to be in qualified use prior to the end of the taxable year in which the credit is to be taken, the amount of the credit shall be that portion of the credit provided for in paragraph (b) which represents the ratio which the months of qualified use bear to the months of useful life. If property on which credit has been taken is disposed of or ceases to be in qualified use prior to the end of its recovery period, the difference between the credit taken and the credit allowed for actual use must be added back as additional taxes due in the year of disposition; provided, however, if such property is disposed of or ceases to be in qualified use after it has been in qualified use for more than twelve consecutive years, it shall not be necessary to add back the credit, as provided in this paragraph. The amount of credit allowed for actual use shall be determined by multiplying the original credit by the ratio which the months of qualified use bear to the months of recovery period. For the purposes of this paragraph, recovery period property shall be the same as that used by the corporation for depreciation purposes when computing federal income tax liability.

This section 31H shall take effect for taxable years ending on or after December 31, 1991.

TITLE VI: FACILITATING THE CREATION OF CENTERS FOR

VOCATIONAL AND APPLIED TECHNOLOGY EDUCATION

SECTION 601. Section 3 of Chapter 74 of the General Laws is hereby amended by inserting after the existing paragraph the following passage:

Cities and towns may appoint boards of trustees for the above purpose of establishing and maintaining independent or vocational-technical schools. In order to encourage cooperation between groups interested in technical education, an appointed board, limited to seven members to be chosen by the mayor, city manager or board of selectmen, shall include one or two members from business companies having their primary place of business within the city limits; one or two members from area institutions of higher education or research; and one member from each of the following areas: organized labor; the local elementary and secondary school committee; local government; and parents of children enrolled in the independent or vocational-technical schools.

TITLE VII: TO PROMOTE THE REDEVELOPMENT OF THE BOSTON STATE HOSPITAL SITE

SECTION 701. As used in this Act, the following term shall, unless the context clearly otherwise requires, have the following meanings:

“Boston State Hospital” shall mean certain parcels of land, located upon the site of Boston State Hospital in the Mattapan area of the City of Boston, including the building and other improvements thereupon.

SECTION 702. The deputy commissioner of capital planning and operations is hereby authorized, subject to provisions of sections forty E through forty J inclusive of chapter seven of the General Laws, to sell and convey by deed approved as to form by the Attorney General, or to lease for a term of up to forty years with two additional ten year option periods, parcels of land located on the site of Boston State Hospital in the City of Boston, to an entity or entities, hereinafter referred to as the “developer”. Said conveyance shall be subject to act and other terms and conditions required by the deputy commissioner of capital planning and operations in the agreement authorized pursuant to section eight.

SECTION 703. The Boston State Hospital Citizens Advisory Committee, hereinafter "the committee", having been jointly appointed by the deputy commissioner of capital planning and operations and the secretary of the executive office of environmental affairs shall review, comment, and make recommendations concerning any studies, master plans, and development proposals pertaining to the use and development of the parcels described in sections one and two, in order to promote economically and environmentally sound development of all or portions of those parcels. The deputy commissioner shall consider the committee's recommendations provided that said recommendations shall be advisory only, and in no event shall the deputy commissioner of capital planning or the secretary of environmental affairs delegate their legal authority to the committee.

SECTION 704. The division of capital planning and operations is authorized to expend a sum not to exceed five hundred thousand dollars for the purpose of preparing a master plan and request for proposals including, but not limited to, hiring planning, real estate marketing, and legal consultants, conducting surveys, studies, appraisals and preparing an environmental impact report, if required, to determine the costs, benefits, details and guidelines for the development of the parcels described in sections one and two and for preparing public information and providing for public participation in the development process. The master plan shall include a feasibility study and shall analyze and compare the costs and benefits of developing said parcels for the following uses, including but not limited to office space, light manufacturing, housing, open space, agricultural, recreational and related uses and shall take into consideration the continuing operation of the programs of state agencies on contiguous parcels. Upon completion and adoption of the master plan, the deputy commissioner of capital planning and operations shall submit a copy of said master plan to the joint legislative committee on state administration, the house and senate committees on ways and means, and the inspector general.

SECTION 705. Following the adoption of the master plan described in section five and pursuant to the provisions of sections forty F through forty J of chapter 7 of the general laws, the deputy commissioner shall solicit development proposals based upon the requirements of this act and the development guidelines adopted in the master plan.

SECTION 706. The deputy commissioner of the division of capital planning and operations, with the advice of the committee and with the prior approval of the commissioner of administration and finance, is hereby authorized to negotiate and enter into one or more

leases or other disposition agreements, hereinafter "the agreement" between said division and the developer, which agreement shall include terms, conditions or restrictions which the deputy commissioner determines are necessary to carry out the purpose of this act and the development guidelines established in the master plan. The deputy commissioner shall, thirty days before the execution of any agreement authorized by this section, or any subsequent amendment thereof, submit the agreement of amendment and a report thereon to the inspector general for his review and comment. The report shall compare the costs and benefits of the alternative disposition methods considered by the deputy commissioner. The inspector general shall issue his review and comment within receipt of any agreement or amendment. The deputy commissioner shall submit the agreement and any subsequent amendments thereof, the reports, and the comments of the inspector general, if any, to the house and senate committees on ways and means and the house and senate chairmen of the joint committee on state administration at least fifteen days prior to execution. The agreement shall include, but not be limited to, the following conditions:

- (a) All conveyances with respect to said development shall contain appropriate affirmative action goals and minority and women business set aside goals to be achieved by the developer with respect to employment of minorities, women and City of Boston residents during construction and as a permanent feature of the development.
- (b) All conveyances with respect to said development shall contain appropriate restrictions prohibiting employment discrimination on the basis of race, creed, color, sex, age, national origin, religion or handicap and appropriate affirmative action provisions.
- (c) The agreement shall provide for the establishment of educational, job training, job placement and day care components to assist job applicants, especially residents of Mattapan, Dorchester, Roxbury, and Jamaica Plain, in gaining access to future employment created by said development.
- (d) The agreement shall provide for the assumption by said developer of various obligations for providing public services and improvements on the property described in Sections 601 and 602 in accordance with standard established in the master plan, as reasonably determined by the deputy commissioner.
- (e) The agreement shall provide terms under which the parcels referred to in section

601 or portions thereof shall be re-conveyed or shall revert to the commonwealth in the event the developer fails to fulfill its obligations as set forth in said agreement, as reasonably determined by the deputy commissioner after consultation with the committee.

(f) The agreement shall require the developer to consult with the committee during the planning, development, construction and management of said development on a regularly scheduled basis, not to be less than four times each year.

(g) The agreement shall provide that between ten and fifteen percent of the housing units created by the developer shall be reserved for clients of the department of mental health and that not less than ten percent of the employment and training opportunities created by the developer shall be targeted for qualified clients of the department of mental health.

SECTION 707. The deputy commissioner is hereby authorized to negotiate with the developer a lease to provide commercial office space or other space to various state agencies, for a term of ten years with an option to extend the term for an additional ten year period. Said lease shall provide anchor tenancy for said development and shall contribute to the economic development goals of this act, provided that the rental amount for said lease shall in no event exceed the rent for comparable leases in the City of Boston as determined by the deputy commissioner, and provided further that any such lease shall be based upon a review by the deputy commissioner of current and foreseeable agency space needs in the Boston area.

SECTION 708. Pursuant to section forty F and section forty G of chapter seven of the General Laws, the amount of consideration for the sale or lease of the parcels referred to in section 601 of this act, shall be an amount as determined by the deputy commissioner of capital planning and operations in accordance with procedures customarily accepted by the appraising profession, provided, however, that if the deputy commissioner determines that the consideration should be less than at fair market value, he shall provide a written disclosure in the central register, detailing the reasons for such determination, and the amount of consideration may be approved at the lesser value. The consideration for said parcels shall take into account the developer's obligations required by this act, the master plan, and the agreement.

TITLE VIII: TO PROMOTE THE DEVELOPMENT OF RUGGLES CENTER

SECTION 801. As used in this act, the following terms shall, unless the context clearly otherwise requires, having the following meanings:

"Deputy commissioner" shall mean the deputy commissioner of the division of capital planning and operations.

"Parcel 18" shall mean that portion of the City of Boston Parcel-to Parcel Linkage Project known as Parcel 18, as more particularly described in the Master Plan and Development Impact Project Plan for Planned Development Area No. 34 approved by the Boston Redevelopment Authority on June 29, 1989, as the same may be amended from time to time (the "Master Plan").

"Parcel 18 Improvements" shall mean the buildings and other improvements including the plaza and parking garage, whether public or private, which comprise the mixed use project to be developed and constructed in accordance with the Master Plan approved by the Boston Redevelopment Authority and the Boston Zoning Commission.

SECTION 802. The deputy commission or any agency, authority or instrumentality of the commonwealth is authorized and directed to negotiate and enter into one or more leases, upon such terms and conditions as he or it shall deem appropriate, for the leasing of space in all or any portion of the Parcel 18 Improvements for occupancy by any state agency, authority or instrumentality. Said lease or leases shall be for a term of 15 years, with options to extend the terms of such lease or leases for up to and including two successive additional terms of five years each, said options to be exercised solely by the lessee in each instance. The base rental amount shall in no event exceed the rent for comparable space in the City of Boston as determined by the deputy commissioner and provided further that any such lease or leases shall be entered into only after a review by the deputy commissioner of current and foreseeable agency space needs in the Boston area.

SECTION 803. The construction, development, financing, management and leasing of Parcel 18 Improvements, or any part thereof, and any contract for construction and design services for or relating to the construction, development or leasing of Parcel 18 Improvements shall be exempt from the provisions of section thirty-eight A and one-half through thirty-eight O, inclusive, of Chapter seven of the General Laws, sections Forty-four A through forty-four J,

inclusive, of Chapter one hundred forty-nine of the General Laws and Section 39M of Chapter 30 of the General Laws or any other special or general law or regulation providing for the advertising or bidding of improvements to, or the acquisition or disposition of interests in, real or personal property.

SECTION 804. Chapter 487 of the Acts of 1980 is hereby amended to delete in the first sentence of Section 1(c) the word “five” and substitute therefor the word “thirty” and further, to delete in Section 1(d) the words “provided, however, that any rate schedule shall be reviewed and approved annually by the agency.”

SECTION 805. No lease pursuant to section two hereof shall be entered into until a copy thereof has been submitted to the state auditor at least twenty (20) days prior to the execution thereof. The state auditor shall review and comment thereon within (15) days of the receipt of any such lease.

TITLE IX: ESTABLISHING SPECIAL STUDY COMMISSIONS ON ECONOMIC COMPETITIVENESS AND EMPLOYMENT TRAINING AND PLACEMENT FOR AFDC RECIPIENTS

SECTION 901. Purposes. The General Court finds: (a) that the health and welfare of the people of the commonwealth are enhanced by the growth of employment, productivity and living standards brought upon by the expansion and increased competitiveness of private enterprises within the commonwealth;

(b) That the City of Boston has commissioned and published a report investigating the region’s economic competitiveness and future prospects written by economist Dr. James Howell, entitled The Howell Report— The Boston and Regional Economy Into the 1990s: The Prospects for Economic Recovery;

(c) That The Howell Report has determined that much of the commonwealth’s economic growth in the next decade will be in newly-emerging and technology-oriented industries with special regulatory, financial, infrastructural and labor skills needs that may not be met by current government policies and programs;

(d) That many of regulatory programs and policies of the Commonwealth, while serving important and necessary policy objectives, are not adequately coordinated, so that their

cumulative impact can discourage business expansion and new business formation;

(e) That tax programs designed to promote business creation and expansion and job creation also are not adequately coordinated with a view to maximizing their intended effect while minimizing the negative impact on state revenues;

(f) That the infrastructure needs of new knowledge-based and high technology companies include advanced communication and information networks as well as traditional infrastructure components; and

(g) That a highly skilled workforce is essential to the economic competitiveness of the urban centers of the Commonwealth and that present vocational and technical training is not fully meeting the needs of knowledge-based and high technology companies.

SECTION 902. There is hereby established a special commission to investigate, study and prepare recommendations to the governor and the legislature on means of maintaining and enhancing the economic competitiveness of urban centers, addressing the special needs of emerging growth industries, promoting full and equal access to economic opportunity for all persons in the community, and forging a more effective relationship between government and business to accomplish these objectives. The commission shall make comparisons of existing policies and partnerships in the commonwealth with those in other states.

SECTION 903. The commission shall be appointed by the Governor not later than one hundred eighty (180) days after the enactment of this Act and shall be comprised of 17 members, consisting of one member of the house of representatives; one member of the senate; the secretaries of the executive offices of economic affairs, environmental affairs, transportation and construction, and community development or their designees; the mayor of Boston or his designee, the mayor, city manager, or member of the board of selectmen, as the case may be, or the designee of said official, of two other cities or towns with major concentrations of businesses, industries or institutions in the industry clusters identified below; the president of the Massachusetts Municipal Association or his designee; one member of the Board of Regents or his designee; and six members appointed by the governor, including one representative each from the industry clusters of health services, biomedical research and related manufacturing, higher education, computer software and hardware, electronics and defense, and financial services.

SECTION 904. Issues to be addressed by the commission shall include, but need not be limited to, the following:

- (i) How the Commonwealth's regulatory and permitting processes can be reformed to enhance the protection of the public health, safety, and welfare and of the environment, while minimizing, to the extent consistent with those objectives, the burden imposed on private business, industry, and the institutional sector?
- (ii) How the state tax code can be reformed to provide incentives for investments and activities that will increase the economic competitiveness of Massachusetts' businesses, industries, and institutions and enhance the ability of those businesses and industries to create jobs, increase productivity, and improve living standards?
- (iii) What are the infrastructure requirements of the businesses, industries, and institutions of the urban areas of the Commonwealth? The Commission shall include, in its study and recommendations, evaluations of high speed rail links from Boston to New York and Washington, satellite airport facilities supplementing Logan International Airport, improved mass transportation (including, in Boston, the proposed circumferential transit link) and communications and information infrastructure including fiber optic networks.
- (iv) How can the educational, vocational, and applied technical resources of the Commonwealth's urban areas be improved so as to better provide the specific skills needed by workers in the businesses, industries, and institutions of those areas?
- (v) What policies and measures can be undertaken to better promote full and equal access to economic opportunity for all persons in the community, including individuals and groups who for reasons of race, religion, nationality, gender, age, or handicap have been excluded from full participation in the economy?
- (vi) How cities and towns can be given greater "room to innovate" in promoting economic competitiveness by providing better security and predictability in state funding, removing unnecessary bureaucratic restrictions on state categorical grants, and enhancing the economic and community development tools available to cities and towns.
- (vii) What is the proper role for the public sector and how can the public and private sectors most effectively cooperate in accomplishing the policy goals identified in the first sentence of Section 2.

SECTION 905. The commission shall file a report, including recommendations for legislation, with the governor and the clerk of the house of representatives no later than June 31, 1992.

SECTION 906. There is hereby established a special commission consisting of: five members of the House of Representatives to be appointed by the Speaker of the House of Representatives, three members of the Senate to be appointed by the President of the Senate, the Secretary of the Executive Office of Human Services or his designee, the Commissioner of the Department of Public Welfare or his designee, the Commissioner of the Department of Employment and Training or his designee, and six persons to be appointed by the Governor, one of whom shall be a recipient of aid to families with dependent children, one of whom shall be a jobs training provider, one of whom shall be a service delivery area director, one of whom shall be a representative of the Bay State Skills Corporation, one of whom shall be an educator experienced in job skills development, and one of whom shall be a representative of the business community with job placement and skills development programs to assist the Commissioner of the Department of Public Welfare in the establishment, implementation and evaluation of a demonstration job placement and basic education and skills development program for persons receiving aid to families with dependent children. Said program shall include, but not be limited to comprehensive assessment of program participants, job placement, and basic education and career-oriented skills development for program participants. Participants shall be placed in skills-appropriate positions in fields affording skills growth opportunities while providing commensurate salaries and benefits. Said programs shall include a participant-specific skills-learned performance contract and vigorous long-term case management.

Said demonstration programs shall be established on or before September first, nineteen hundred and ninety-one, and said special commission shall report to the General Court the results of its evaluation and its recommendation if any, together with drafts of legislation necessary to carry such recommendations into effect, by filing the same with the Clerk of the House of Representatives and the Clerk of the Senate, on or before December thirty-first, nineteen hundred and ninety two.

COMPETITIVE CITIES ACT OF 1991

(proposed)

AN ACT TO PROMOTE THE ECONOMIC
COMPETITIVENESS OF KEY CITIES AND THE
COMMONWEALTH THROUGH A SERIES OF
DEMONSTRATION PROGRAMS

EXECUTIVE SUMMARY

Findings and Declaration of Purpose

The preamble to this legislation describes the economic conditions currently existing in the Commonwealth, and the knowledge-based, technology-oriented industries concentrated in Boston and other key cities. It reviews The Howell Report assessment that these industries, evolving from Boston's educational and health care institutions, have the potential to lead the Commonwealth's economic recovery if "room to innovate" is provided by policy mechanisms such as tax increment financing, local option taxes, and support for human capital and infrastructure development.

**Title I: Establishing Demonstration Sites for the Competitive
Cities Program**

This Title provides for the application of the Act's provisions to the City of Boston and 10 other cities in the Commonwealth to be chosen by the Secretary of Economic Affairs. If successful in the demonstration communities, these policy mechanisms will both benefit the state and serve as

a model for other communities throughout the Commonwealth. The Act calls for the Secretary to make a recommendation to the Legislature regarding the possible statewide application of the Competitive Cities Act.

Title II: Facilitating the Carrying out of Community Development Projects

This Title provides a number of different vehicles to empower communities to engage in community development, and provide business incentives, to promote economic and community development projects.

Sections 201 to 204 expand the tax incentives provided by Chapter 121A:

- o allows 121A corporations to be established for "community development projects."
- o removes the limitation on dividends received by the shareholders of a corporation with Ch. 121A status.
- o changes the payment in lieu of taxes to Chapter 59 levels.

The provisions of Chapter 121B are expanded in Sections 205 to 207:

- o Exempts community development projects from the limitations on indebtedness.
- o Authorizes the City's 121B agency to apply to community development purposes previously limited to urban renewal projects, including issuing bonds, assess costs and invest project revenues and adopt development plans.
- o Allows for the provision of community development project assistance grants by the State.

Title III: Adopts the Hamill Commission Report Recommendation to Exempt Certain Public Infrastructure and Capital Projects from the Levy Limit

This Title permits communities, by a 2/3 vote of the appropriate governing body, to exempt debt service on bonds issued for infrastructure and capital projects from the Proposition 2 1/2 cap.

Title IV: Authorizing the Creation of Economic Opportunity Zones

This Title allows communities to designate as Economic Opportunity Zones areas which have certain levels of poverty, tax arrearages or commercial abandonment. Qualifying businesses within these areas would benefit from the following incentives:

- o A \$1000 tax credit for each full-time job created during the tax year.
- o A 50 percent reduction in state licensing fees.
- o The creation of a \$10 million state fund to provide below-market financing.

Title V: Establishing Tax Incentives for Research and Development Activities and Investments

This Title provides a number of tax credits for research and development activities.

- o A state tax credit of 8 percent (for qualified applied research) and 12 percent (for basic research) to supplement the 20 percent federal tax credit for increased levels of research and development activity.
- o A 5 percent tax credit for the capital costs of research and development property.

Title VI: Facilitating the Creation of Centers for Vocational and Applied Technology Education

This title allows cities to create centers for vocational and applied technology education with the involvement of businesses and higher educational institutions, by appointing a board of trustees for vocational-technical school governance that includes representatives of the business community, universities, organized labor, the local public school system and parents of vocational-technical students.

Title VII: To Promote the Redevelopment of the Boston State Hospital Site

This Title directs DCPO to prepare a master plan for the Boston State Hospital property and to issue a request for development proposals, lease or sell the property for development, and establish a citizens advisory committee to make recommendations regarding the development of the site. It also requires educational, job training and placement and day care services to be provided in conjunction with any development at the Boston State Hospital site, as well as a set-aside of 10% of any housing or job training developed at the site for

Department of Mental Health clients. It also allows for fifteen-year leases by state agencies at the site.

Title VIII: To Promote the Development of Ruggles Center

This Title will authorize and direct the Commonwealth to enter into leases at Ruggles Center for terms of up to fifteen years. It will also exempt the Ruggles Center project from state competitive bidding requirements.

TITLE IX: Establishing Special Study Commissions on Economic Competitiveness and Employment Training and Placement for AFDC Recipients

This Title establishes a special commission to study the economic competitiveness of the Commonwealth and its communities. The Commission will review the state's regulatory processes, investment tax policy, economic and physical infrastructure needs, potential for long-term public-private partnerships to address economic issues, and skilled labor supply. The Commission shall include members of the House and Senate, the secretaries of Environmental Affairs, Economic Affairs, Communities and Development, and Transportation and Construction, a member of the Board of Regents, the Mayor of Boston, the mayor or other municipal official of two other cities or towns with concentrations of designated growth industries, and six representatives of private industry.

This title would also establish a special commission to assist the Commissioner of Public Welfare in the establishment, implementation, and evaluation of a demonstration program for job placement and basic education and skill development for persons receiving aid to families with dependent children.

